



**Testimony**  
**on**  
**Senate Bill 619 (1)**

PURE *M*ICHIGAN<sup>SM</sup>

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Good morning Mr. Chairman, and members of the committee, my name is Steve Yencich and I represent the Michigan Lodging & Tourism Association. I'm here to offer testimony in strong support of SB 619 (S-1) and the short-term funding it provides for a summer promotion campaign that is only days away from needing to begin.

Michigan's tourism industry strongly supports full and consistent annual funding for the Pure Michigan campaign. We continue our call for a total of \$30 million in funding for the 2010 campaign, funding at that same level for 2011, and passage of legislation providing a long term funding mechanism that ensures the provision of funding at such levels from that point forward.

I want to thank you for the strong bipartisan support you provided Pure Michigan last December in passage of legislation that provides a long term funding mechanism for this award-winning campaign. If enacted into law, HB 5018, HB 5088 & HB 5089 will eventually provide funding in excess of \$40 million for the Pure Michigan (tourism) & Upper Hand (business) promotion campaigns.

I also want to publicly express our industry's appreciation for the Senate's passage of short term funding to enable the 2010 campaign to continue (on at least a regional basis) for the upcoming season. However, I would be remiss if I failed to stress a sense of urgency, and request your prompt consideration and passage of SB 619. You see, for that campaign to be effective, those ads need to be in play prior to April 1, which is now only a few weeks away. Even as we speak, vacation decisions for this summer's

travel season are already beginning to be made. As such, if SB 619 is to have the desired impact on this year's tourism season, time is of the essence.

Much has been said about the strong return on investment Pure Michigan provides our state's economy in terms of new jobs and tax revenues for schools and essential city services. You've heard all this testimony previously and we hope you've taken it to heart and will vote accordingly.

However, I'd like to take just a few moments to discuss the pronounced ripple effect growth in Michigan tourism can have on our state's economy. But that can only happen **IF** Pure Michigan is fully funded.

Everyone understands the positive impact Pure Michigan has on hotels, golf courses, ski resorts, and other obvious tourism businesses. But this committee has never heard testimony regarding the impact that Pure Michigan has on the thousands of Michigan businesses that provide tourism operators the goods and services they must have to serve the needs of the traveling public.

Here are just a few examples to illustrate this point.

To serve their overnight guests, hotels must contract with food & beverage companies, linen supply companies, laundry services, and credit card processing firms.

RV and campground operators generate demand for camping equipment manufacturers and retailers, camper trailer parts and repair suppliers, and recreational vehicle dealers.

Golf Course owners must purchase grass seed and fertilizers, <sup>and</sup> generate demand for golf club manufacturers and retailers, as well as golf attire suppliers.

These are just a small handful of examples from just three segments of Michigan's diverse tourism industry. If you would, please scan the additional pages in my attached written testimony. As you briefly flip through these pages, you'll begin to get a better idea how many additional jobs can be created by growth in our industry.

To compile these lists I simply copied the names of the Allied or Vendor members of a few Michigan Tourism trade associations. Compiled here are over 225 industry vendors who supply operators of hotels, campgrounds, ski resorts, and golf courses the goods and services they need to operate on a daily basis.

We don't often stop to think about it but you can't run a hotel without sheets and towels. It's hard to go camping without sleeping bags, tents or camp stoves. Ski resorts must make snow, groom runs, and keep ski lifts operating non-stop. And no golf course can operate for long without fertilizer, grass seed, and landscaping equipment.

So as you can see, Pure Michigan promotes growth in far more industries than you might first imagine. And we won't even touch upon the thousands of vendors that serve other tourism segments such as the Michigan Boating Industries Association, the Michigan Snowmobile Association, or the Michigan Festival & Events Association. Nor will we detail all the Michigan manufacturers and retailers that outfit the millions of vacationers who hunt and fish year-round throughout our great state.

We won't take time to mention the hundreds of members of the Michigan Retailers Association who sell the clothes, shoes and swimsuits we wear while on vacation or the thousands of restaurants who serve millions of meals to tourists and travelers year round. Then there the trains, planes, cars and trucks that deliver the goods and services all these entities need to operate.

Neither will we specifically mention the thousands of vendors that enable such urban events like Detroit's Woodward Dream Cruise, Lansing's Common Ground festival and hundreds of similar festivals to operate in cities throughout Michigan all year round. And let's not forget the thousands of supplier jobs created by attractions such as Michigan's Adventure, or the Michigan International Speedway. Food, beverage, t-shirts, souvenirs and maintenance jobs are all created by attractions such as these.

Finally, tourism industry growth also generates demand for goods and services that are shared by all tourism operators, regardless of what business they're in. All tourism businesses generate demand for accountants, lawyers,

banks, credit unions, utility companies, printers, advertisers, office supplies and insurance companies to name just a few.

Finally, we often talk of, and more frequently complain about, the “law of unintended consequence” here in Lansing. However, the majority of the US population east of the Mississippi is within one or two days drive of our state. Michigan is uniquely a drive-to destination. Given those facts, there is one unforeseen, but very positive unintended consequence from full and consistent funding of Pure Michigan.

As a national Pure Michigan campaign prompts thousands of tourists to travel to and throughout our great state, they’ll buy millions of gallons of gasoline. Those purchases will provide new gas tax revenues to fund road construction and repairs to this state’s transportation system. Absent a national Pure Michigan campaign, those revenues simply will not be received.

In closing, tourism is Michigan’s third largest industry, and its size enables it to touch, support and create far more jobs than you may have understood previously. Clearly, the ripple effect of growth in our industry extends well beyond obvious businesses like fudge shops, hotels, wineries, or campgrounds. In fact, with consistent annual funding of \$30 million, Pure Michigan can become more than a ripple or wave; it can become a rising tide that floats all boats. Such potential was demonstrated by Comerica Bank when they issued the following release in late January.

## **MICHIGAN TOURISM GATHERS SPEED IN FOURTH QUARTER REPORTS COMERICA BANK**

**DALLAS/January 27, 2010** – Comerica Bank's Michigan Tourism Index jumped six points in the fourth quarter of 2009, to a level of 94. The current reading is up seven points from the Index's cyclical low of 87, and marks the highest Index level since the second quarter of 2008. The Index averaged 90 over the course of 2009, down two points from the 2008 average. Third quarter 2009's reading was revised from 89 to a level of 88.

"After dipping slightly in the third quarter of 2009, our Index has resumed the upward trend established over the first half of 2009," said Dana Johnson, Chief Economic at Comerica Bank. "Given that the fourth quarter surge in our Index was not broad-based, it is quite possible that the Index will pull back from its current reading in the first quarter of 2010. As trends in personal and business travel continue to improve, the generally upward trend already in place should continue over the course of 2010."

The Michigan Tourism Index is a quarterly summary of six equally weighted, seasonally adjusted travel, lodging and entertainment data series. These series serve as a proxy for statewide tourism activity.

That growth came in the midst of a national recession and in the context of a seemingly stagnant state economy that is still reeling from the bankruptcies of Chrysler and General Motors. We believe that growth was created by last year's first-ever \$30 million investment in Pure Michigan which enabled our state to be promoted year-round and nationwide.

We believe Pure Michigan and our industry have demonstrated the ability to generate immediate growth in our state's economy. We ask only that you act as quickly as possible to provide resources to fully fund this year's campaign, and provide long-term funding for future campaigns. We can, and will support any proposal that can pass both chambers and be signed into law to achieve these ends. Things automatically happen if you assign them a high-enough priority. We're asking that you assign such a priority to funding Pure Michigan, and growing our state's economy.

Thank you, I'd be happy to answer any questions you might have.

